

State Treasurer

	FY 2012 ACTUAL	FY 2013 ESTIMATE	FY 2014 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	29.4	30.4	30.4
Personal Services	1,570,500	1,672,000	1,690,800
Employee Related Expenditures	588,000	604,800	604,900
Professional and Outside Services	212,900	226,100	226,100
Travel - In State	700	2,000	2,000
Travel - Out of State	700	0	0
Other Operating Expenditures	238,000	247,800	297,100
Equipment	29,500	0	0
OPERATING SUBTOTAL	2,640,300	2,752,700	2,820,900
SPECIAL LINE ITEMS			
Justice of the Peace Salaries	1,115,100	1,231,900	1,205,100
Law Enforcement/Boating Safety Fund Grants	0	2,183,800	2,183,800
Retirement System Study Committee	0	0	0
AGENCY TOTAL	3,755,400	6,168,400	6,209,800^{1/}
FUND SOURCES			
General Fund	1,115,100	1,231,900	1,205,100
<u>Other Appropriated Funds</u>			
Law Enforcement and Boating Safety Fund	0	2,183,800	2,183,800
State Treasurer Empowerment Scholarship Account Fund	0	0	40,000
State Treasurer's Management Fund	87,300	198,000	197,500
State Treasurer's Operating Fund	2,553,000	2,554,700	2,583,400
SUBTOTAL - Other Appropriated Funds	2,640,300	4,936,500	5,004,700
SUBTOTAL - Appropriated Funds	3,755,400	6,168,400	6,209,800
Other Non-Appropriated Funds	5,059,700	5,059,700	5,059,700
TOTAL - ALL SOURCES	8,815,100	11,228,100	11,269,500

AGENCY DESCRIPTION — The State Treasurer is an elected Constitutional Officer. The primary responsibilities of the office are to receive and keep custody over all monies belonging to the state that are not required to be kept by another entity, to pay warrants of the Arizona Department of Administration, and to keep an account of all monies received and disbursed. The office also invests state monies and operates the Local Government Investment Pool (LGIP) for the benefit of participating units of local government.

Operating Budget

The budget includes \$2,820,900 and 30.4 FTE Positions in FY 2014 for the operating budget. These amounts consist of:

	FY 2014
State Treasurer's Empowerment Scholarship Account Fund	\$40,000
State Treasurer's Management Fund	197,500
State Treasurer's Operating Fund	2,583,400

These amounts fund the following adjustments:

Empowerment Scholarship Account Administration

The budget includes an increase of \$40,000 from the State Treasurer's Empowerment Scholarship Account Fund in FY 2014 for the administration of the Empowerment Scholarships program.

Laws 2012, Chapter 360 established the Department of Education Empowerment Scholarship Account Fund to fund administration of the program authorized in A.R.S. § 15-2402. Chapter 360 authorized the Department of Education to transfer into the new State Treasurer Empowerment Scholarship Account Fund up to 1% of amounts transferred from Basic State Aid to students' empowerment accounts pursuant to A.R.S. § 15-2402C. The appropriated amount will be funded from such

^{1/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

transfers. The 1% transfers are anticipated to total \$40,000 in FY 2014. Monies in the State Treasurer Empowerment Scholarship Account Fund are non-lapsing. (*Please see the Department of Education narrative for more information.*)

Statewide Adjustments

The budget includes an increase of \$28,200 in FY 2014 for statewide adjustments. This amount consists of:

State Treasurer's Management Fund	(500)
State Treasurer's Operating Fund	28,700

(Please see the Agency Detail and Allocations section.)

Justice of the Peace Salaries

The budget includes \$1,205,100 from the General Fund in FY 2014 for the Justice of the Peace (JP) Salaries Special Line Item. This amount funds the following adjustments:

Increased JP Salary Costs

The budget includes a decrease of \$(26,800) from the General Fund in FY 2014 for a JP salary cost adjustment.

Prior to FY 2012, A.R.S. § 22-117 required the state to pay 40% of the salary for each Justice of the Peace, with the county paying the remainder. This provision does not apply to Maricopa County, which pays 100% of its JP costs. Since FY 2003, there have been a series of annual session law provisions requiring the state to pay a lower percentage of JP salaries. The FY 2012 Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2011, Chapter 33) permanently reduced the state share of the Non-Maricopa County Justice of the Peace Salaries to 19.25%. The FY 2014 Criminal Justice BRB (Laws 2013, 1st Special Session, Chapter 5) permanently limited the amount that the state can reimburse to the counties to the amount appropriated.

The budget includes \$116,800 from the General Fund for a FY 2013 supplemental for unpaid Justice of the Peace salary claims. The Justice of the Peace Salaries SLI was not appropriated sufficient monies in FY 2011 and FY 2012 to cover the statutorily required state contribution of 19.25% of non-Maricopa County Justice of the Peace salaries. The Treasurer has outstanding bills from counties for Justice of the Peace salaries in the amount of \$37,489 for FY 2011 and \$79,371 for FY 2012.

Justice of the Peace salaries are based on a proportion of the annual compensation for a Superior Court judge as determined by the guidelines for Judicial Productivity Credits (JPCs) outlined in statute. JPCs are calculated every 2 years and are based on the total and type of cases that a Justice of the Peace hears and whether or not the Justice receives clerical help. An annual average JPC total is compared against the salary ranges in statute to determine an individual Justice's compensation.

Law Enforcement/Boating Safety Fund Grants

The budget includes \$2,183,800 from the Law Enforcement and Boating Safety Fund (LEBSF) in FY 2014 for the administration of the Law Enforcement and Boating Safety Fund. This amount is unchanged from FY 2013.

Laws 2011, Chapter 333 removed the requirement that grants be distributed by the Arizona Outdoor Recreation Coordinating Commission (AORCC) and required that the State Treasurer administer LEBSF monies beginning in FY 2013. The allocation determinations are made by the AORCC. The Treasurer disburses monies to county law enforcement agencies in Apache, Coconino, Gila, La Paz, Maricopa, Mohave, Navajo, and Yuma Counties in accordance with the distribution formula developed by the AORCC. The FY 2013 allocations are included in *Table 1* below. The distribution is less than the appropriation due to insufficient revenues.

Table 1 Allocation of LEBSF Grants	
County	FY 2013
Apache	\$ 49,600
Coconino	175,400
Gila	172,000
La Paz	296,900
Maricopa	275,400
Mohave	502,100
Navajo	46,600
Yuma	143,300
Total	\$ 1,661,300

Retirement System Study Committee

The budget includes no funding in FY 2014 for the Retirement System Study Committee. This amount is unchanged from FY 2013.

Laws 2011, Chapter 357 appropriated \$100,000 in FY 2012 to fund the implementation and staffing of the Defined Contribution and Retirement System Study Committee. The Committee is tasked with evaluating the Arizona State Retirement System and the Public Safety State Retirement System to determine the feasibility of making certain changes to the existing system. The Committee was required to report on its findings by December 31, 2012. The monies are exempt from A.R.S. § 35-190 relating to the lapsing of appropriations and all remaining unexpended and unencumbered monies on September 30, 2013 revert to the fund from which they were appropriated.

The Treasurer reports that conducting the necessary research for the Retirement System Study Committee resulted in no expenditures from the \$100,000 appropriated for this purpose.

Other Issues

Automation Projects Transfer

The budget includes one-time FY 2014 transfers from this agency's funds associated with its proportionate share of costs for replacement of the state's financial accounting system. (*Please see the Automation Projects narrative for more details.*)